

**IN THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE: PETITION TO OPEN AN)	
INVESTIGATION TO DETERMINE)	
WHETHER ATMOS ENERGY CORP.)	
SHOULD BE REQUIRED BY THE TRA)	Docket No. 05-00258
TO APPEAR AND SHOW CAUSE THAT)	
ATMOS ENERGY CORP. IS NOT)	
OVEREARNING IN VIOLATION OF)	
TENNESSEE LAW AND THAT IT IS)	
CHARGING RATES THAT ARE JUST)	
AND REASONABLE)	

**ATMOS ENERGY CORPORATION'S OBJECTIONS TO
ATMOS INTERVENTION GROUP'S SECOND ROUND OF DISCOVERY**

Atmos Energy Corporation ("Atmos" or the "Company") files these Objections to Atmos Intervention Group's Second Round of Discovery to Atmos Energy Corporation.

I. GENERAL OBJECTIONS

Atmos objects that this discovery is improper in that questions 3 through 12 essentially ask Atmos to perform what is similar to a bill frequency study for all 16,000 customers on all non-residential rate schedules. Atmos does not generally have declining block rates, and does not maintain the information in the format requested. To respond to the requests, Atmos would have to write software to query its billing system and then designate several individuals the task of verifying the data and manually compiling the information for the customers who are outside the billing system.

The inequities are further compounded given the fact that the requests seek information which is not related to any proposals made in any direct testimony by any witness. Instead, the requests suggest that the Intervention Group may file rebuttal testimony that goes beyond the

scope of the direct testimony and makes additional proposals, thus depriving Atmos and the other parties the opportunity to formulate a reasonable response.

Further, the Intervention Group is comprised of only Koch Foods and Berkline Industries, which represent 2 out of over 16,000 total Atmos industrial and commercial customers (0.0125%). The current discovery seeks information to support proposals that have not been made, and which, in many instances, would have no impact on either customer in the Intervention Group. As such, this discovery is overreaching.

These General Objections shall be deemed to be continuing and incorporated throughout Atmos' responses to specific requests which follow, even if not specifically referenced therein. The statement of additional objections to specific requests shall not constitute a waiver of these General Objections.

II. SPECIFIC OBJECTIONS.

3. AIG has concerns regarding the proper rate tiers or steps for Rate Schedule 220. Currently this particular rate schedule has no rate steps. In order to properly evaluate the need for rate tiers or steps for this rate schedule, please provide an average monthly cumulative distribution analysis for Rate Schedule 220 for the 12 months ended September 30, 2005 in 10 Mcf increments. This analysis should show the average amount of monthly sales volumes and the cumulative percentage of sales volumes for each increment, beginning with 10 Mcf, then 20 Mcf, then 30 Mcf, etc. If you have any questions regarding this item, please contact us before proceeding.

OBJECTION: This request is beyond the scope of legitimate discovery in this proceeding. In Mr. William H. Novak's testimony he only proposed one rate step; at pages 2 to 3 of his testimony, and specifically at lines 5 through 7 on page 3, he testified as to Rate

Schedule 220 that “[w]e recommend that the 2nd tier rate [that Mr. Novak proposed] apply to all consumption greater than 5,000 Ccf per month” Besides Mr. Novak’s one instance cited above, no other witness made any tier proposals as to the existing Rate Schedule 220. As such, this discovery is overly broad and unduly burdensome, and not reasonably calculated to lead to the discovery of relevant information. Finally, the procedural schedule in this case set this second round of discovery as discovery applicable to the direct testimony filed by all parties on July 17, 2006. As this discovery request seeks information not related to the testimony of any witness, it is procedurally improper and Atmos objects on this ground. Atmos further objects to this request to the extent it suggests that the Intervention Group may file rebuttal testimony which goes beyond the scope of direct testimony.

4. AIG has concerns regarding the proper rate tiers or steps for Rate Schedule 230. Currently this particular rate schedule has no rate steps. In order to properly evaluate the need for rate tiers or steps for this rate schedule, please provide an average monthly cumulative distribution analysis for Rate Schedule 220 for the 12 months ended September 30, 2005 in 10 Mcf increments. This analysis should show the average amount of monthly sales volumes and the cumulative percentage of sales volumes for each increment, beginning with 10 Mcf, then 20 Mcf, then 30 Mcf, etc. If you have any questions regarding this item, please contact us before proceeding.

OBJECTION: This request is beyond the scope of legitimate discovery in this proceeding. In Mr. William H. Novak’s testimony he only proposed one rate step; at pages 2 to 3 of his testimony, and specifically at lines 5 through 7 on page 3, he testified as to Rate Schedule 220 that “[w]e recommend that the 2nd tier rate [that Mr. Novak proposed] apply to all consumption greater than 5,000 Ccf per month” No other witness made any tier proposals

as to the existing Rate Schedule 230. As such, this discovery is overly broad and unduly burdensome, and not reasonably calculated to lead to the discovery of relevant information. Finally, the procedural schedule in this case set this second round of discovery as discovery applicable to the direct testimony filed by all parties on July 17, 2006. As this discovery request seeks information not related to the testimony of any witness, it is procedurally improper and Atmos objects on this ground. Atmos further objects to this request to the extent it suggests that the Intervention Group may file rebuttal testimony which goes beyond the scope of direct testimony.

5. AIG has concerns regarding the proper rate tiers or steps for Rate Schedule 240. Currently this particular rate schedule has no monthly steps at 0 Ccf, 20,000 Ccf, and 50,000 Ccf. In order to properly evaluate the need for rate tiers or steps for this rate schedule, please provide an average monthly cumulative distribution analysis for Rate Schedule 240 for the 12 months ended September 30, 2005 for 10 Mcf increments. This analysis should show the average amount of monthly sales volumes and the cumulative percentage of sales volumes for each increment, beginning with 10 Mcf, then 20 Mcf, then 30 Mcf, etc. If you have any questions regarding this item, please contact us before proceeding.

OBJECTION: This request is beyond the scope of legitimate discovery in this proceeding. In Mr. William H. Novak's testimony, he did not propose any new or varied rate steps for Rate Schedule 240 that are not in Atmos's current tariff. (*See Novak Test. at pp. 3-6 (proposing consolidation and revision of the Company's existing Demand/Commodity Gas Service and Optional Gas Service).*) Contrary to the statement in this request, Rate Schedule 240 currently does have tiers at some of the levels given. Further, no other witness made any

proposals to add additional tiers to the existing tiers in Rate Schedule 240. As such, this discovery is overly broad and unduly burdensome, and not reasonably calculated to lead to the discovery of relevant information. Finally, the procedural schedule in this case set this second round of discovery as discovery applicable to the direct testimony filed by all parties on July 17, 2006. As this discovery request seeks information not related to the testimony of any witness, it is procedurally improper and Atmos objects on this ground. Atmos further objects to this request to the extent it suggests that the Intervention Group may file rebuttal testimony which goes beyond the scope of direct testimony.

6. AIG has concerns regarding the proper rate tiers or steps for Rate Schedule 250. Currently this particular rate schedule has no monthly steps at 0 Ccf, 20,000 Ccf, and 50,000 Ccf. In order to properly evaluate the need for rate tiers or steps for this rate schedule, please provide an average monthly cumulative distribution analysis for Rate Schedule 250 for the 12 months ended September 30, 2005 for 10 Mcf increments. This analysis should show the average amount of monthly sales volumes and the cumulative percentage of sales volumes for each increment, beginning with 10 Mcf, then 20 Mcf, then 30 Mcf, etc. If you have any questions regarding this item, please contact us before proceeding.

OBJECTION: This request is beyond the scope of legitimate discovery in this proceeding. In Mr. William H. Novak's testimony, he did not propose any new or varied rate steps for Rate Schedule 250 that are not in Atmos's current tariff. (*See* Novak Test. at pp. 3-6 (proposing consolidation and revision of the Company's existing Demand/Commodity Gas Service and Optional Gas Service).) Contrary to the statement in this request, Rate Schedule 250 currently does have tiers at some of the levels given. Further, no other witness made any

proposals to add tiers to the existing Rate Schedule 250. As such, this discovery is overly broad and unduly burdensome, and not reasonably calculated to lead to the discovery of relevant information. Finally, the procedural schedule in this case set this second round of discovery as discovery applicable to the direct testimony filed by all parties on July 17, 2006. As this discovery request seeks information not related to the testimony of any witness, it is procedurally improper and Atmos objects on this ground. Atmos further objects to this request to the extent it suggests that the Intervention Group may file rebuttal testimony which goes beyond the scope of direct testimony.

7. AIG has concerns regarding the proper rate tiers or steps for Rate Schedule 260. Currently this particular rate schedule has no monthly steps at 0 Ccf, 20,000 Ccf, and 50,000 Ccf. In order to properly evaluate the need for rate tiers or steps for this rate schedule, please provide an average monthly cumulative distribution analysis for Rate Schedule 260 for the 12 months ended September 30, 2005 for 10 Mcf increments. This analysis should show the average amount of monthly sales volumes and the cumulative percentage of sales volumes for each increment, beginning with 10 Mcf, then 20 Mcf, then 30 Mcf, etc. If you have any questions regarding this item, please contact us before proceeding.

OBJECTION: This request is beyond the scope of legitimate discovery in this proceeding. In Mr. William H. Novak's testimony, he did not propose any new or varied rate steps for Rate Schedule 260 that are not in Atmos's current tariff. (*See* Novak Test. at pp. 8-9 (proposing changes for new *language* for the Company's existing Transportation tariff).) Contrary to the statement in this request, Rate Schedule 250 currently does have tiers at some of the levels given. Further, no other witness made any tier proposals to add tiers to the existing

Rate Schedule 260. As such, this discovery is overly broad and unduly burdensome, and not reasonably calculated to lead to the discovery of relevant information. Finally, the procedural schedule in this case set this second round of discovery as discovery applicable to the direct testimony filed by all parties on July 17, 2006. As this discovery request seeks information not related to the testimony of any witness, it is procedurally improper and Atmos objects on this ground. Atmos further objects to this request to the extent it suggests that the Intervention Group may file rebuttal testimony which goes beyond the scope of direct testimony.

8. AIG has concerns regarding the proper rate tiers or steps for Rate Schedule 280. Currently this particular rate schedule has no monthly steps at 0 Ccf, 20,000 Ccf, and 50,000 Ccf. In order to properly evaluate the need for rate tiers or steps for this rate schedule, please provide an average monthly cumulative distribution analysis for Rate Schedule 280 for the 12 months ended September 30, 2005 for 10 Mcf increments. This analysis should show the average amount of monthly sales volumes and the cumulative percentage of sales volumes for each increment, beginning with 10 Mcf, then 20 Mcf, then 30 Mcf, etc. If you have any questions regarding this item, please contact us before proceeding.

OBJECTION: This request is beyond the scope of legitimate discovery in this proceeding. In Mr. William H. Novak's testimony, he did not propose any new or varied rate steps for Rate Schedule 280, Economic Development Gas Service, that are not in Atmos's current tariff. (*See* Novak Test. at pp. 10-11 (stating that Rate Schedule 280 has "either not been used at all, or just used sparingly" and stating that "[a]t present, we see very little need for continuing th[is] tariff[.]").) Further, no other witness made any tier proposals as to the existing Rate Schedule 280. As such, this discovery is overly broad and unduly burdensome, and not

reasonably calculated to lead to the discovery of relevant information. Finally, the procedural schedule in this case set this second round of discovery as discovery applicable to the direct testimony filed by all parties on July 17, 2006. As this discovery request seeks information not related to the testimony of any witness, it is procedurally improper and Atmos objects on this ground. Atmos further objects to this request to the extent it suggests that the Intervention Group may file rebuttal testimony which goes beyond the scope of direct testimony.

9. AIG has concerns regarding the proper rate tiers or steps for Rate Schedule 291. Currently this particular rate schedule has no monthly steps at 0 Ccf, 20,000 Ccf, and 50,000 Ccf. In order to properly evaluate the need for rate tiers or steps for this rate schedule, please provide an average monthly cumulative distribution analysis for Rate Schedule 291 for the 12 months ended September 30, 2005 for 10 Mcf increments. This analysis should show the average amount of monthly sales volumes and the cumulative percentage of sales volumes for each increment, beginning with 10 Mcf, then 20 Mcf, then 30 Mcf, etc. If you have any questions regarding this item, please contact us before proceeding.

OBJECTION: This request is beyond the scope of legitimate discovery in this proceeding. In Mr. William H. Novak's testimony, he did not propose any new or varied rate steps for Rate Schedule 291, Negotiated Gas Service, that are not in Atmos's current tariff. (*See* Novak Test. at pp. 10-11 (stating that Rate Schedule 291 has "either not been used at all, or just used sparingly" and stating that "[a]t present, we see very little need for continuing th[is] tariff[.]").) Further, no other witness made any tier proposals as to the existing Rate Schedule 291. As such, this discovery is overly broad and unduly burdensome, and not reasonably calculated to lead to the discovery of relevant information. Finally, the procedural schedule in

this case set this second round of discovery as discovery applicable to the direct testimony filed by all parties on July 17, 2006. As this discovery request seeks information not related to the testimony of any witness, it is procedurally improper and Atmos objects on this ground. Atmos further objects to this request to the extent it suggests that the Intervention Group may file rebuttal testimony which goes beyond the scope of direct testimony.

10. AIG has concerns regarding the proper rate tiers or steps for Rate Schedule 292. Currently this particular rate schedule has no monthly steps at 0 Ccf, 20,000 Ccf, and 50,000 Ccf. In order to properly evaluate the need for rate tiers or steps for this rate schedule, please provide an average monthly cumulative distribution analysis for Rate Schedule 292 for the 12 months ended September 30, 2005 for 10 Mcf increments. This analysis should show the average amount of monthly sales volumes and the cumulative percentage of sales volumes for each increment, beginning with 10 Mcf, then 20 Mcf, then 30 Mcf, etc. If you have any questions regarding this item, please contact us before proceeding.

OBJECTION: This request is beyond the scope of legitimate discovery in this proceeding. In Mr. William H. Novak's testimony, he did not propose any new or varied rate steps for Rate Schedule 292, Cogeneration Service, that are not in Atmos's current tariff. (*See* Novak Test. at pp. 10-11 (stating that Rate Schedule 292 has "either not been used at all, or just used sparingly" and stating that "[a]t present, we see very little need for continuing th[is] tariff[.]").) Further, no other witness made any tier proposals as to the existing Rate Schedule 292. As such, this discovery is overly broad and unduly burdensome, and not reasonably calculated to lead to the discovery of relevant information. Finally, the procedural schedule in this case set this second round of discovery as discovery applicable to the direct testimony filed

by all parties on July 17, 2006. As this discovery request seeks information not related to the testimony of any witness, it is procedurally improper and Atmos objects on this ground. Atmos further objects to this request to the extent it suggests that the Intervention Group may file rebuttal testimony which goes beyond the scope of direct testimony.

11. AIG has concerns regarding the proper rate tiers or steps for Rate Schedule 293. Currently this particular rate schedule has no monthly steps at 0 Ccf, 20,000 Ccf, and 50,000 Ccf. In order to properly evaluate the need for rate tiers or steps for this rate schedule, please provide an average monthly cumulative distribution analysis for Rate Schedule 293 for the 12 months ended September 30, 2005 for 10 Mcf increments. This analysis should show the average amount of monthly sales volumes and the cumulative percentage of sales volumes for each increment, beginning with 10 Mcf, then 20 Mcf, then 30 Mcf, etc. If you have any questions regarding this item, please contact us before proceeding.

OBJECTION: This request is beyond the scope of legitimate discovery in this proceeding. In Mr. William H. Novak's testimony, he did not propose any new or varied rate steps for Rate Schedule 293, Large tonnage Air Conditioning Gas Service, that are not in Atmos's current tariff. (*See* Novak Test. at pp. 10-11 (stating that Rate Schedule 293 has "either not been used at all, or just used sparingly" and stating that "[a]t present, we see very little need for continuing th[is] tariff[.]").) Further, no other witness made any tier proposals as to the existing Rate Schedule 293. As such, this discovery is overly broad and unduly burdensome, and not reasonably calculated to lead to the discovery of relevant information. Finally, the procedural schedule in this case set this second round of discovery as discovery applicable to the direct testimony filed by all parties on July 17, 2006. As this discovery request seeks

information not related to the testimony of any witness, it is procedurally improper and Atmos objects on this ground. Atmos further objects to this request to the extent it suggests that the Intervention Group may file rebuttal testimony which goes beyond the scope of direct testimony.

12. AIG has concerns regarding the proper rate tiers or steps for Rate Schedule 294. Currently this particular rate schedule has no monthly steps at 0 Ccf, 20,000 Ccf, and 50,000 Ccf. In order to properly evaluate the need for rate tiers or steps for this rate schedule, please provide an average monthly cumulative distribution analysis for Rate Schedule 294 for the 12 months ended September 30, 2005 for 10 Mcf increments. This analysis should show the average amount of monthly sales volumes and the cumulative percentage of sales volumes for each increment, beginning with 10 Mcf, then 20 Mcf, then 30 Mcf, etc. If you have any questions regarding this item, please contact us before proceeding.

OBJECTION: This request is beyond the scope of legitimate discovery in this proceeding. In Mr. William H. Novak's testimony, he did not propose any new or varied rate steps for Rate Schedule 294 and, does not mention this Rate Schedule at all. Further, no other witness made any tier proposals as to the existing Rate Schedule 294. As such, this discovery is overly broad and unduly burdensome, and not reasonably calculated to lead to the discovery of relevant information. Finally, the procedural schedule in this case set this second round of discovery as discovery applicable to the direct testimony filed by all parties on July 17, 2006. As this discovery request seeks information not related to the testimony of any witness, it is procedurally improper and Atmos objects on this ground. Atmos further objects to this request to the extent it suggests that the Intervention Group may file rebuttal testimony which goes beyond the scope of direct testimony.

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been e-mailed or faxed and mailed to the following parties of interest this 21st day of July, 2006.

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A handwritten signature in dark ink, appearing to be 'J. W. Luna', is written above a horizontal line.